
REPLY

Of the Baso des Chaleurs Railway Company, to the Report
of the General Commissioner, Mr. Charles Langellier, dated the 26th
February 1890, respecting the Company and its Contractors.

Quebec, 10th December 1890.

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The EDITH *and* LORNE PIERCE
COLLECTION *of* CANADIANA



Queen's University at Kingston

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THE BAIE DES CHALEURS RAILWAY COMPANY.

At a meeting of the Directors of the Baie des Chaleurs Railway Company, held at the St-Louis hôtel, in the City of Quebec, on Saturday the twenty-seventh day of December, A. D. 1890.

“ The Report of Mr. Charles Langelier, the Commissioner appointed to enquire into the troubles which arose during the Autumn of the year One Thousand eight hundred and eighty-nine, on the line of Railway of the said Company, owing to the fact that the workmen and employees of the sub-contractor, M. Henry Macfarlane, had not been paid for several months,—the said Report bearing date the twenty-sixth day of February, one thousand eight hundred and ninety,— having been read ;—

“ After discussion, it was unanimously resolved that this Board do protest against the false and damaging statements contained in the said Report, and that the Officers of the Company do prepare a Memorial addressed to His Honour the Lieutenant-Governor in reply to the said Report and justifying the acts of the Company.”

An Extract from the Minutes of the Baie des Chaleurs Railway Company.

True copy,

(Signed) L. A. ROBITAILLE

Secretary

R E P L Y

Of the Baie des Chaleurs Railway Company to the Report of the Special Commissionner, Mr. Charles Langelier, dated the 26th February, 1890, respecting the Company and its Contractors.

Quebec, 30th December, 1890.

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TO HIS HONOUR

THE LIEUTENANT-GOVERNOR,

of the PROVINCE OF QUEBEC.

The undersigned, Managing Director of the Baie des Chaleurs Railway Company has the honour to submit the following reply to the Report, dated the 26th February 1890, made by Mr. Charles Langelier, appointed Commissionner to make enquiry into the troubles which took place on the Baie des Chaleurs Railway, during the Autumn of 1889.

I must state, by way of preamble, that I have had communication of this Report but very recently, the Honorable Mr. Mercier having sent me a copy of it on the 11th of November last, with a list of the payments made and the obligations still unliquidated, on the section of the Railway contracted for by M. MacFarlane, to wit; on the first sixty miles.

Your Commissioner has divided his Report into nine Chapters.

IN CHAPTER SEVEN

he explains his method of conducting this enquiry. It does not appear that Mr Langelier notified the Company respecting the said enquiry. As a fact, the Company was notified, by telegraph message, only after the Commissioner had closed his enquiry on the claims against Mr MacFarlane, and after I had remarked upon this omission to the Honorable the First Minister, at Quebec. And then it was too late for the Company to act effectively for the protection of their interests.

Mr Langelier states that Mr Giroux, one of the Directors of the Company, was present during the inquest. Mr Giroux did not attend in his quality of Director of the Company, but watched his own personal interests, in as much as he had executed certain works and furnished material along the line ; and he attended in order to check the correctness of the claims which had been filed against him. He made, at the very time, a declaration to that effect to the Commissioner, formally drawn up, as appears by the declaration annexed (A). Mr Giroux had not the requisite knowledge respecting the affairs of the Company to enable him to look after such an inquisition. He was not authorized to do so. Besides it would have been hardly proper for the Company to have been represented there without invitation or notice from the Commissioner.

Thus it happened that the important depositions of Mr MacFarlane, subcontractor, and of Messieurs Light and Leduc, Engineers, upon which the Commissioner bases the conclusions of his report, were taken without the knowledge of the Company, which was never notified of the place where, or the time when these declarations were going to be taken.

As to the evilly disposed persons who, according to Mr Langelier, were desirous of preventing the people from filing their claims, the Company knows nothing. This Gentleman should remember, however, that he himself did on many occasions during the enquiry, declare to the creditors of Mr MacFarlane, that it was not necessary for them to swear to the correctness of their claims, that all the claims which agreed with the pay-rolls of MacFarlane would be paid without any other formality, as appears from the declaration annexed of Mr J. F. Armstrong (B).

I thought that I ought, as a preliminary, to take notice of these two assertions in order to put your Honour in a position to judge whether this enquiry was carried on in a legal and equitable manner, and whether your Commissioner exercised all the prudence and diligence requisite to produce a just and impartial report.

IN THE FIRST CHAPTER

of his report Mr Langelier gives an historical sketch of the Company, and he sets forth the subsidies coming to the Company on the first one hundred miles of their road. He heads his second chapter as follows ; — “ Were these subsidies sufficient ”, and closes it by stating that the company should have all that was necessary to pay its contractors.

I at once declare that with respect to the paying of the contractors the company has fulfilled all its obligations.

Mr Langelier appears to be completely ignorant of the terms of the contract between the company and C. N. Armstrong, of the 6th June, 1886, for the building of the first hundred miles of its railway (C). Still it was necessary in order to establish the position and responsibility of the parties respectively, to ascertain the clauses of this contract, as well as of the contract of the sub-contractor MacFarlane, who was subject to the obligations imposed by the Armstrong contract.

The cost of this contract is based upon a uniform rate of \$20,000 per mile, payable to the contractor, partly in money from the subsidies and in part by debentures or obligations of the Company.

This contractor has a right to all the subsidies granted by the Federal and Provincial Legislatures, and the balance of the contract price is payable to him by debentures.

There is no occasion, therefore, for asking if these subsidies were sufficient, seeing that the contract obliges the contractor to build the one hundred miles of road by means of the payment to him of the whole of the subsidies, plus the amount of the debentures necessary to make up the \$20,000 for each mile of road. It is quite evident that the company did not receive subsidies enough to build the entire road. But it was able to obtain through the sale of its debentures the sum of money sufficient to complete it; and the construction of sixty miles put it into a position to give satisfactory guarantees to capitalists who might be desirous of purchasing these debentures.

The company has taken steps towards the accomplishment of this object. And, had it not been for the obstacles raised up against these schemes, the company would have continued without interruption the building of the road. One of the principal causes of the delay in this respect, was the failure on the part of Mr MacFarlane to complete his contract, and his refusal to deliver up to the company possession of the road. The company has brought an action against MacFarlane to obtain such possession, and is in hopes of succeeding shortly in this action.

The company has faithfully fulfilled the obligations of the contract with respect to the paying over of the subsidies granted for the first sixty miles already built. It has kept back no portion of the moneys of these subsidies, which have been made over and paid to the order of the contractor, who had a right to them by virtue of his contract, as the annexed receipts of Mr. C. N. Armstrong, the contractor in chief, will testify. (E.)

It is expedient to examine the sub-contract of M. MacFarlane to ascertain whether the company has fairly carried out its obligations in this respect.

MACFARLANE'S SUB-CONTRACT (F.)

On the 8th June, 1888, the Company's contractor, Mr C. N. Armstrong, sub-let to M. H. MacFarlane a portion of his contract, including the completion of the first forty miles of the road, which was for the most part built, and, further, the construction of the twenty miles extending as far as the river Cascapédia.

Under this contract, M. MacFarlane was obliged to finish these sixty miles of road to the satisfaction of the Government Engineers, before the 1st January, 1889.

In order to make secure the payment of his contract price, Mr. MacFarlane had demanded and had obtained from Mr. Armstrong a transfer of the subsidies payable by the Federal and Provincial governments to an amount which he considered after a personal examination of the line and his own calculation of the cost of the works, sufficient to cover the total price of his contract, namely—\$260,000.

These subsidies were transferred at his request to the Ontario Bank, at Montreal, in trust. And the said sums were wholly paid in to this Bank, less \$28,546 retained by the local Government, and \$31,825 retained by the Federal Government, in order to guarantee the completion of the work, which, according to the reports of the Engineers, remained to be completed on the sixty miles of railway contracted for by Mr MacFarlane, estimated at about \$30,000.

It is well to notice that, besides the subsidies transferred to the Bank, Mr. MacFarlane had obtained from Mr. Armstrong a transfer of the municipal grants amounting to \$18,000.

As the failure of sub-contractor MacFarlane to carry out his contract has been the determinate cause of the troubles which arose on the line of the railway, and of the delay in the construction of the road, it is of consequence to cite the principal clauses in the contract, in order to establish where the responsibility for these difficulties lies.

These clauses read as follows :—

“ 1.—The said sub contractor shall complete and finish the forty miles of the said railway at this time in part constructed, and shall add rolling stock, to that which is already on the road, to the value and quantity specified in the list of rolling stock hereto annexed.

“ 2.—The sub-contractor shall build twenty miles of new road, in prolongation of the said forty miles, the whole to be built and finished conformably to the contract of the said contractor with the said railway company and under the direction of the chief Engineer of the said company, and according to the plans and specifications mentioned in the said contract,—which contract and specifications are here mentioned as forming the basis on which the said works were to be carried out and the said works shall be completed to the satisfaction of the Engineer of the Federal Government.

“ 3.—The said works shall be completed by the first day of January, one thousand eight hundred and eighty nine.”

The contract passed between the contractor and the company, being the contract mentioned in the second section which has just been cited, contains the following stipulations :—

“ 1. The contractor shall furnish, at his own cost, all the labor and every kind of labor, machines, tools etc. required in the construction of the said railway, and all this conformably to the plans and specification already prepared, and which may be hereafter prepared, for the purpose of the said works.

“ 2. The materials to be employed in the construction of the works shall be the best of their respective kinds, and the works must be carried out in the manner customary with skilful workmen, and all in a manner strictly in accordance with this contract and with the specifications thereto annexed, and with the plans and drawings which shall be in the future prepared and furnished by the contractor and approved by the engineer of the company, and which shall be executed to the entire satisfaction of the said engineer.

“ 3. The engineer shall be the sole judge of the quality and quantity of work done, and his decision and his measurement shall be final and conclusive between the railway company and the contractor.”

Mr. MacFarlane cannot ignore or repudiate these latter stipulations, which are as binding upon him as upon the principal contractor.

By order of the engineers of the two governments, certain changes were made in the alignment of the railway ; but this did not increase to any sensible degree the cost of the works. There were also some alterations judged necessary by the said engineers in the length of the arch spans on some of the bridges. The company at once accepted all the changes.

Under his contract the contractor was obliged to follow the instructions of the said engineers. But the contractor MacFarlane refused to execute these works. He had no right to any additional guarantee from the company on account of these changes. Besides, the possession of the road to which he had a right under his contract was sufficient guarantee for him. It behoved him to complete the works in accordance with the terms of his contract, and then to produce a full and detailed statement of his expenditure in the construction of the road, accompanied by vouchers, in order to establish whether or not the amount of the subsidies which had been transferred to him was sufficient to satisfy his claim.

Now Mr MacFarlane has not perfected his work, as is established by the reports of the engineers of the governments (D) ; and he has refused to furnish to Mr Armstrong, the principal contractor, a detailed statement of his expenditure, as

Mr Armstrong has declared in his deposition, sworn to before Mr Langelier, on the 6th February, 1890, and as appears by the two judgements rendered against the said MacFarlane in case No 1339, in the Superiour Court at Quebec, in February and April last.

How then can Mr MacFarlane pretend that he has not been paid according to the terms of his contract, or that the cost of his works was much greater than the amount of the subsidies transferred to him? In fact the additional works required by the engineers were not executed by him. He cannot put forth this pretext in order to allege that he has against the principal contractor and the company a claim worthy of attention.

But your commissioner goes still farther.

IN CHAPTER THREE

he quotes, in the first place, the following clause taken from MacFarlane's contract which was signed on the eighth of June, 1888 :—

“And to secure the said payments which are to be so made by the said contractor to the said sub-contractor, the said contractor binds himself by these presents, to make a notarial transfer of the subsidies granted by the Government of Canada for the building of the said railway, and to be applied to the said sixty miles of railway, amounting to \$62,000 for the first 20 milles of road, also the sum of \$128,000 to be applied to the 20 miles of new road in prolongation of the 40 miles to wit: forty to sixty; and also the sum of \$70,000 granted by the Government of Quebec for the said 20 miles, and to furnish to the said contractor all the powers and authority necessary to obtain the said subsidies, which said subsidies shall be deposited in trust in some incorporated bank to be named by the said sub-contractor, and to be to him paid out in proportion as the works progress, and they have been earned, and have become due by the Government.”

Then he refers to the deposition, made at the enquiry by Mr. Henry MacFarlane, who swore that he had received about \$200,000 on account of the \$260,000 worth of subsidies which were transferred to him as aforesaid. It is evident that Mr. MacFarlane had no right to handle or retain more than \$60,000, before having completed his contract and shown that the cost of the works exceeded the total amount of the subsidies transferred, including \$18,000 worth of municipal grants which had been transferred to him.

Nevertheless, M. Langelier alleges that Mr. MacFarlane had a right to all the subsidies paid out by the Governments. He forgets that 40 milles of the road were almost completed and that the other contractors had a right to a certain portion of the subsidies as the price of the works constructed by them.

At the date of the MacFarlane contract, namely the eighth of June 1888, the appropriation of the subsidy coming to the Gaspé section had not been carried into effect. This additional subsidy was only granted on the 12th of July, 1888, by the Act 51-52 Victoria, Chapter 92. Consequently this subsidy could not have been transferred to Mr. MacFarlane, and he had not the right to touch it.

I will cite a few extracts from the sworn declaration of the contractor, Mr C. N. Armstrong, before Mr Charles Langelier, the special commissioner, of the 6th of Feb. 1890.

“ Neither the company nor myself have in any manner touched the subsidies which were transferred to Mr MacFarlane, after the signing of his contract. The Quebec Legislature passed an act authorizing the payment to the company of a certain amount in subsidies, payable in particular in connection with the section included between the 20th and 60th mile of the road. These subsidies were not transferred to M. MacFarlane, and he had no right to them. At the date of the signing of the contract with Mr. MacFarlane, to wit : the eighth June. 1888, no arrangement had as yet been made with the Government of Quebec, providing for an additional payment in connection with the grant of land to the Gaspé section converted into money.

“ I declare positively that no promise was made to Mr. MacFarlane that any subsidies would be transferred to him other than those mentioned in the contract.

“ By my contract with the company I have the right to \$20,000 per mile, payable with the federal and local government subsidies, and the balance by the company's debentures.

“ These subsidies have been paid to me, in accordance with the terms and on account of the price of my contract. Considerable sums had been expended on the first 40 miles of road, and a heavy balance was due to me by the company. I had been obliged to obtain from parties, to whom certain sums had been transferred to cover advances made on the first 40 miles, a surrender of their transfers, in order to transfer to MacFarlane the amount of subsidies necessary to cover his contract ; and those persons were obliged to wait until other payments on account of the subsidies were made, in order to draw what was owing to them.

These parties were paid out of the additional sums so collected from the Quebec Government so far as the amount received from the government procured the means of doing so.

“ If MacFarlane had touched other subsidies than those that had been transferred to him under his contract, he would have received much more than he was entitled to.”

Confronted by all these facts, of which Mr. Langelier could not be ignorant, it is not by any means fair to state that " according to evidence the money coming from the subsidies was diverted from its proper object. "

At all events, the subsidies which had not been transferred to Mr. MacFarlane were received by Mr. Armstrong according to the terms of his contract. There could not have been any diversion of them. The conclusion of the commissioner on this point is erroneous and unjust. Neither is it more justifiable to conclude, as he has done in Chapter 4,— " that the cause of the strike which took place on the MacFarlane works was owing to the fact that the company or its representatives kept back a portion of the subsidies paid by the two Governments, which belonged to sub-contractor MacFarlane, "

I repeat that of the subsidies transferred to Mr. MacFarlane he has been paid \$200,000 according to his own admission. There remains \$31,825 in the hands of the Federal Government to secure the completion of his contract, and the Provincial Government has paid over to his creditors the greater portion of the \$28,246 which had been transferred to his account in the Ontario Bank ; all which make up the total of \$ 260,000 mentioned in his contract.

THE TRUE CAUSE OF THE STRIKE

was that Mr. MacFarlane had not paid his workmen and purveyors for four or five months, notwithstanding that he had withdrawn from the Ontario Bank about \$280,000, that is to say more than the total amount payable to him under his contract.

Mr. MacFarlane has himself made a sworn declaration to this effect in the Superior Court of Montreal, at the time of his failure, in November, 1889 (G).

It is strange that Mr. Langelier should attempt to throw the responsibility for the strike upon the company, when it appears that the latter made the payments to the contractors in accordance with their contracts, and when it is proved that sub-contractor MacFarlane had failed to pay his workmen for several months, after having secured more money than the total sum forming the price of his contract.

To support his conclusions the commissioner quotes the declaration made by Mr. George MacFarlane, the partner of his father Mr. H. MacFarlane, the sub-contractor, as follows ;

" Question. If all the subsidies which the company received and which were paid by the Quebec Government had been transmitted to you, do you think that you would have been able to continue the works, to pay the workmen, and prevent the strike ? Answer- Yes without any doubt. "

Surely, if Mr. MacFarlane had received \$139,000 more than the amount required by him as full payment for his works (to wit \$260,000), he should have been able to pay his workmen had he so desired. But seeing that he had received more money than the amount of his contract, and that he had not paid his creditors, to whom he

declared that he owed \$220,760, and that he had not completed the works called for under his contract, the declaration of his son, who was also his partner, does not strengthen the commissioner's statement.

The cause of the strike is too clear to make it possible for Mr. Langelier to throw the responsibility upon the company.

As to the payment of the workmen employed by Mr. MacFarlane, this payment was made by the local government out of the subsidies transferred to the bank by Mr. MacFarlane. The balance of the wages owing should be paid by the Ontario Bank, according to the agreement made to that effect; but the Bank declares that it has never been able to obtain from the special commissioner, M. Langelier, a statement showing the sums paid out and those that are still owing.

Owing to the refusal of Mr. MacFarlane to complete his works and to render an account of his expenditure in order to come to a final settlement, the company found it impossible to continue forthwith the building of the road. It has brought an action against the contractors Armstrong and MacFarlane to obtain possession of the road, in order to make such financial arrangements as would permit it to complete the first 100 miles. This action has been pushed on with diligence, and the company has in prospect an early settlement of all those difficulties, for which it believes itself to be in no wise responsible; for it has paid its contractors and fulfilled its own obligations according to the terms of the contracts. And although not directly responsible for the debts of the said contractors, it is now taking steps in order that all sums owing the workmen, boarding-house keepers, and contractors for ties etc. should be paid in full.

IN CHAPTER SIX

the commissioner gives a fanciful description of the manner in which the expropriations of lands required for the railway have been carried out. Let me be allowed to state that, as a fact, expropriations were made by friendly agreement with six hundred proprietors of the said land. Throughout the whole length of the sixty miles there was no occasion to make twenty expropriations by order of the court. The few proprietors who have not yet been indemnified should not attribute to the company the whole cause of failure in this respect.

Besides, when it is considered that the municipalities voted the necessary sums of money in order to reimburse to the company the cost of the purchase of the right of way, it is easy to understand that the proprietors have every interest in agreeing to an amicable settlement. In looking over the evidence produced at the enquiry I have ascertained that several complainants have committed errors in their declarations. For these proprietors were expropriated according to the formalities required by law, as appears by the records lodged in the Superiour Court, at New Carlisle, for Messrs. Abraham Leblanc, Louis Gauvreau, Abraham Dugas, Louis Bujol and others

As to the charges brought against the company of "breaking down fences, misplacing public roads, obstructing watercourses, setting fire to the woods, and committing all kinds of encroachments," the company was never guilty of any of these acts. The contractors, who are responsible for the work done, might have in certain cases occasioned some discontent. But every time that the matter was brought to the knowledge of the company, the latter hastened to find a remedy, so far as it was able to do so. The contractors and sub-contractors often declared to the company, that these complaints had no foundation. I will remark again that these charges are the result of holding an *ex-parte* inquiry; and that the company was not permitted to point out a number of errors and exaggerations which it would have been easy to show to the commissioner during the inquest. One action alone has been brought against the company by Mr Théophile Landry, of Carleton, claiming a half acre of land, which was necessary for a station, and which this very person had offered free of cost to the company on condition that the station should be placed upon it. This action was instituted by Messrs. Montambault and Langelier, advocates, immediately after the return of Mr. Langelier, commissioner, in Dec. 1889, and the plaintiff has not thought proper to push the case.

IN CHAPTER EIGHT

Mr. Langelier treats of the Maria Station matter. I will merely refer to the voluminous record deposited in the Departement of Public Works, in order to justify the company in the choice made by it for the site of this station. It will be found in this record that Mr. Light, inspecting engineer of the local Government, Mr. Ridout, inspecting engineer of the federal government, M. LeDuc the contractor's engineer, M. J. C. Bailey, an engineer of reputation, Mr. C. N. Armstrong, contractor in chief, and Mr. MacFarlane, the sub-contractor of the company, all agree as to the choice of the present site. Besides the population of the municipality was divided on this question. The municipal council passed a resolution in favor of a station near the church, carried only by the casting vote of the Mayor, who lives near the church. The other concillors were divided three against three.

The commissioner omits to state that the company has built two stations in this municipality, which is of great extent: and that in order to do this it was necessary to arrange for convenient distances between these two stations and the neighboring stations.

It would be absurd to allege that the company did not render an important service to Maria by building two stations instead of one within the limits of this municipality. As to connection with sea navigation, it would be equally illogical to pretend that the population of Maria would possess all desirable facilities by going to the wharf at Carleton, which is ten miles distant from the church of Maria. It is necessary to build a wharf, as well as stations, at the most convenient places in that locality.

THE NINTH CHAPTER

contains general remarks by the commissioner. He says in the first place that the company, in 1883 or 1884, made a contract with Charles N. Armstrong for the building of 100 miles of the road lying between Matapedia and Paspebiac. Here again is an erroneous statement. This contract was signed on the 6th of June, 1886.

Then Mr. Langelier quotes extracts from the depositions of Messrs. Light and LeDuc, engineers, containing their opinions on the manner in which M. MacFarlane carried on his work. It must be remarked, however, that neither the one nor the other of these engineers alleges that the works were finished. On the contrary Mr. Light made a report to the Quebec Government that there still remained about \$28,000 worth of works to be constructed. Mr. LeDuc declared "that he was ready to give to Mr. MacFarlane an estimate of the work done up to this day (14th January 1890)." Farther on, he says: the sixty miles of road on which Messrs. MacFarlane & Sons are working are not completed by reasons of the bridges and stations,"

Now neither the one nor the other of these gentlemen had seen the MacFarlane contract. Mr. Light declares so under oath: "I have never seen the contract, but I understand that Mr. MacFarlane was not obliged to furnish the superstructure for the bridges." This answer of Mr. Light's is a mistaken one. By reading the MacFarlane contract he would have ascertained "that this said sub-contractor is required to built and complete the 60 miles of road according to the contract of Contractor Armstrong with the Company, and under the direction of the chief engineer of the company (Mr. Light) and conformably with the plans and specifications mentioned in the said contract.....these works are required to be completed to the satisfaction of the engineer of the Government of Canada."

Now the engineer of the Government of Canada made a report in September 1889, stating that there still remained works to be executed to the value of \$31,000, including therein the superstructure of certain bridges.

As to the changes made in the plans and specifications, by the engineers of the Ottawa and Quebec Governments, the Company alleges that the contractors ought to follow them, and carry out the works to the entire satisfaction of these engineers, which he has not done, although he retains possession of the Company's road. The payment of the subsidies is conditional on his doing so, and the contracts of the contractor and sub contractor specially oblige them to do so.

The remarks made by engineers Light and LeDuc on a contract which they had never seen form a deceptive pretext, of which your commission r made use when he said "that the sub-contractor was very willing to complete all his works, on condition of receiving pay therefor, but that the Company did not wish to pay, or had not the means of doing so."

It would have been more fitting to have left this question to be decided by the Courts, before which it has been carried, leaving to the parties interested the task of supporting their rights according to the conditions of their contracts.

M. Langelier concludes his report by referring to the debates which took place in the House of Commons in 1835, and declaring "that the Company compelled its contractor M. Armstrong to pay it a tolerably heavy percentage on the subsidies granted by the governments." These debates prove nothing of the sort. It would have been much more becoming for Mr. Langelier to state only what he perfectly knew on the question of heavy percentage. It is easy to judge of the value of his assertion when it is known, that M. Armstrong only obtained his contract from the Company in the following year, that is to say on the 6th of June, 1886.

Besides this, Mr. Langelier had received the sworn deposition of Mr C. N. Armstrong, on the 6th of February, 1890, that is to say only twenty days before the date of his own report. And this contractor had declared as follows: "By my contract with the Company I have a right to \$20,000 par mile, payable out of the subsidies coming from the federal and local governments, and the balance in the debentures of the Company. These subsidies were paid to me in accordance with the terms and on account of the price of my contract."

In order to establish more positively the injustice of Mr. Langelier's insinuations, let me be permitted to quote an extract from the deposition of Mr. C. N. Armstrong, taken in the Superior Court, at Quebec, on the 5th of November last, in case No. 1339, MacFarlane versus Armstrong et al.

Question put by the Hon. Mr. Langelier: "Has the company retained any portion of the subsidies which have been granted by the Government? Answer.—No. All the subsidies collected by the Company itself from the government have been collected on my account and paid to myself or to various persons on my order.

"Question:—Has the Company received any portion of the subsidies transferred by the contract (MacFarlane's)? Answer. Certainly not."

SUMMARY.

The conclusions to be drawn, after a serious and careful examination of the report of the commissioner, Mr. Charles Langelier, are the following.

1.—The commissioner has proceeded *ex parte*, that is, illegally as respects the Company.

2.—He seems to have ignored the tenor of Armstrong's contract, bearing date 6th June, 1886; consequently, the greater part of his statements become misleading, as appears by simply reading over his report.

3.— He gives to the MacFarlane contract an erroneous interpretation, by alleging that MacFarlane had a right to all the subsidies, whereas a portion of the subsidies had not even been voted at the time of the signing of this contract.

4. He endeavors to throw upon the Company the responsibility for the strike which occurred on the MacFarlane works, when this latter person was the only one in default.

5.—He relies upon the false statements of several proprietors, to assert that the Company took possession of their lands contrary to law ; and he does this without giving the Company an opportunity of proving the falsity of those assertion.

6.—He sets forth the question of the Maria Station in an incomplete manner, leaving out certain important facts which lead to conclusions opposed to those of his report.

7.—He concludes by insinuating that the Company compelled its contractor Mr Armstrong to pay it a rather heavy percentage on the subsidies granted by the two Governments ; and in order to sustain this assertion he falsifies the date of the Armstrong contract, without giving a shadow of proof for what he advances.

8.—This report, based upon irregular proceedings, is an unjustifiable attack upon the Company, to whom opportunity has been refused of being heard in the matter, and of contesting the erroneous or incomplete declarations accompanying it.

9.—This report, dated 26th of February last, was only forwarded to the Company on the 11 th of November last, notwithstanding the oft repeated requests by the Company to obtain it sooner.

The Company desires to protest firmly and respectfully against proceedings, whose object would appear to be, from the beginning, the causing of embarrassment to it of such a nature as to delay its operations, in order to justify the demand which is now made for the annulling of its Charter.

Whilst sincerely regretting the difficulties which have arisen during the building of its road, this Company believes that it has fulfilled its part of the obligations.

And it submits with confidence to Your Honor the present memorial in justification of its conduct.

(Signed) L. A. ROBITAILLE,

(Signed) L. J. RIOPEL,

Secretary-Treasurer

Managing Director

of the Company

Quebec, 30th december, 1890.



